

FAIRFAX COUNTY UNIFORMED RETIREMENT SYSTEM



**RETIREMENT HANDBOOK
FOR
ACTIVE EMPLOYEES**

JULY 2004

Introduction

The Fairfax County Uniformed Retirement System was established to help provide you with financial security at retirement, one of the most important long-range goals for you and your family.

This booklet summarizes your retirement system as in effect on July 1, 2004. It is not an official plan document. You can find more detailed information in the plan documents. The plan documents include applicable provisions of the Code of Virginia and the Fairfax County Code, as well as applicable rules, regulations and resolutions of the Board of Trustees of the Retirement System. These documents will govern in the event of any error in this booklet. The System's plan year ends June 30. Records are maintained on a fiscal year basis.

We hope you find the information in this booklet helpful and that you will discuss it with your family. Please feel free to contact the Retirement Agency with any questions about your retirement system.

Fairfax County Retirement Agency

10680 Main Street
Suite 280
Fairfax, VA 22030-3812

Phone: 703-279-8200

Toll-free: 1-800-333-1633

FAX: 703-273-3185

E-mail: retire@fairfaxcounty.gov

Internet web site: <http://www.fairfaxcounty.gov/retbrd/>
or through the County's Infoweb for employees.

If you should need a sign language interpreter or any type of special accommodation, auxiliary aid, or translation assistance, please call the Retirement Agency at 703-279-8200 or call the Virginia Relay Service at 1-800-828-1120 (TDD) or 1-800-828-1140 (voice).

TABLE OF CONTENTS

	<i>Page</i>
ELIGIBILITY AND MEMBERSHIP	1
General	1
Employees Not Eligible	1
Separate Plans	1
COST	2
Employee Contributions	2
Tax Treatment of Employee Contributions	3
Employer Contributions	3
Investment Income	3
SPECIAL TERMS	3
Creditable Compensation	4
Average Final Compensation	4
Creditable Service	5
NORMAL RETIREMENT	7
Eligibility	7
Benefit	7
Plans A and B	7
Plans C and D	8
Pre-62 Supplemental Benefit	8
Pre-Social Security Benefit	10
DEFERRED RETIREMENT OPTION PROGRAM (DROP)	11
Sick Leave and DROP	11
EARLY RETIREMENT	12
Eligibility	12
Benefit	12
Plans A and C	13
Plans B and D	14
APPLYING FOR SERVICE RETIREMENT	15
APPLYING FOR DROP	15
DISABILITY RETIREMENT	16
Ordinary Disability Retirement	16
Eligibility and Benefit	16
Medical Examinations	17
If You Return to Work	18

	<i>Page</i>
Service-Connected Disability Retirement	18
Eligibility	18
Offsets for Workers' Comp & Social Security Benefits	18
Medical Examinations	19
If You Return to Work	19
Service-Connected Disability Benefit	19
<u>Severe</u> Service-Connected Disability Benefit	20
Schedule of Impairments	20
Disability During DROP	21
DEFERRED VESTED BENEFITS	22
Eligibility	22
Benefit	22
INCREASES IN BENEFITS AFTER RETIREMENT	23
DEATH BENEFITS	24
Death Before Retirement	24
Return of Contributions	24
Spouse Retirement Allowance	24
Death During DROP	25
Death After Retirement	25
Return of Contributions	25
Joint and Last Survivor Option	26
Service-Connected Accidental Death Benefit	27
Naming a Beneficiary	27
WITHDRAWAL OF CONTRIBUTIONS	28
If You Are <u>Not</u> Eligible For Benefits	28
If You <u>Are</u> Eligible For Benefits	28
Taxation of Withdrawals	29
Assignment of Benefits	29
SOCIAL SECURITY BENEFITS	29
Social Security Retirement Benefits	30
Social Security Disability Benefits	30
Social Security Death Benefits	30
Medicare	30
ADDITIONAL RETIREMENT SYSTEM INFORMATION	31
Home Address	31
Retirement System Administration	31
FREQUENTLY ASKED QUESTIONS ABOUT THE SYSTEM	32

Eligibility and Membership

General

In most cases, you automatically become a member of the system on your date of hire if you are a uniformed or sworn employee of one of the following groups:

- the Fire and Rescue Department
- helicopter pilots,
- the Sheriff's Department,
- Animal Wardens, or
- a former park police officer who elected to remain in this system rather than transfer to the Fairfax County Police Officers Retirement System in 1983.

Employees Not Eligible

You are not eligible to become a member of the system if you are hired as a clerical employee or if you are a contributing member (or are eligible to become a member) of one of the following retirement systems:

- Virginia Retirement System
- Fairfax County Police Officers Retirement System
- Fairfax County Employees' Retirement System

Separate Plans

The Uniformed Retirement System is made up of four plans: Plans A, B, C and D.

If you were a member of the Uniformed System prior to July 1, 1981, you were allowed to choose between Plan A and Plan B. If you joined the system between July 1, 1981 and March 21, 1997, you were automatically covered by Plan B. During an open enrollment period which ended March 21, 1997, Plan A members were allowed to choose membership in Plan C and Plan B members were allowed to choose membership in Plan D. If you were hired on or after April 1, 1997 you were automatically covered by Plan D.

If you were previously a member of the Fairfax County Uniformed Retirement System and left your money in the System when you terminated your employment, you must remain in the plan that you were in during your previous employment.

Plan membership affects your contributions to the system and your eventual retirement benefit. Otherwise, all other provisions described in this booklet apply to all members, whether covered by any of the plans.

Cost

The cost of providing system benefits is paid from three sources:

1. Employee contributions;
2. Employer contributions; and
3. Earnings from investments made with the above funds.

Employee Contributions

You contribute to the system as follows:

If You Participate in:	Your Contribution is:
Plan A	4% of your creditable compensation up to the Social Security taxable wage base, plus 5.75% of creditable compensation in excess of the Social Security taxable wage base.
Plan B	7.08% of your creditable compensation up to the Social Security wage base, plus 8.83% of creditable compensation in excess of the Social Security taxable wage base.
Plan C	4% of your creditable compensation.
Plan D	7.08% of your creditable compensation.

The Social Security taxable wage base is the amount of compensation which is subject to Social Security taxes each year. The Social Security taxable wage base for 2004 is \$87,900.

Tax Treatment of Employee Contributions

Before January 1, 1985, your contributions were automatically deducted from your paycheck. Under this method, you paid taxes on your contributions before they were paid into the system.

Since January 1, 1985, your contributions have been deducted from your pay on a pre-tax basis. These two methods of contributing differ only in the way your contributions are taxed.

Under the second method, the pre-tax contributions are not considered part of your taxable income and do not appear as such on your form W-2. You will not be taxed on these contributions until they are actually paid to you at the time you terminate employment or begin receiving benefits.

Employer Contributions

Your employer contributes a substantial amount toward the employer portion of your future retirement benefits. The Board of Supervisors determines employer contributions based on the most recent actuarial valuation. Employer contributions are in addition to and generally larger than your own contributions.

Investment Income

Employer and employee contributions are invested to provide additional income to the system. Investments are managed by the Board of Trustees. The financial statements of the system are audited annually by an independent accounting firm and are posted for review at <http://www.fairfaxcounty.gov/retbrd/uniformedindex.htm> under the heading Comprehensive Annual Financial Report. Additionally, a list of the Retirement System's assets is published annually in the *Courier*.

Special Terms

Throughout this booklet, you see certain words or terms that are used often. Knowing what these terms mean will help you better understand your benefits.

Creditable Compensation

For retirement purposes, your creditable compensation means the full compensation, including pick-up contributions, holiday hours worked, administrative emergency leave worked, shift differential paid and regularly scheduled hours paid, credited at the base rate of pay but excluding premium pay such as all overtime, including Fair Labor Standards Act (FLSA) overtime and excluding performance bonuses and payments made after termination of employment which represent unused leave. Effective for plan years after December 31, 1988, compensation in excess of \$200,000 (as indexed annually according to the IRS Code) will be disregarded. Notwithstanding the foregoing, effective for members hired on or after July 1, 1996, compensation in excess of the limit set forth in the IRS Code will be disregarded.

Average Final Compensation (AFC)

Average final compensation (AFC) is the average of your creditable compensation for the 36 consecutive months (or 78 consecutive pay periods) of employment that produce the highest average annual compensation for you.

For members who had merit increments deferred in FY92 and FY93, AFC will be calculated as though the merit increments were received when originally scheduled. For a member who is called to active duty within the member's last three years prior to retirement and is unable to use paid leave during the military leave, the compensation that the member would have received will be used in the calculation of AFC.

Your unused sick leave at the time of retirement may be substituted for an equivalent period of employment as if you had continued to work at your final salary during the period of your unused sick leave. We will use the method which results in the higher retirement benefit for you.

Periods of employment while a member is on approved Family and Medical Leave Act status (FMLA) in a Leave Without Pay (LWOP) status (as defined in Section 10.15 of the Fairfax County Personnel Regulations) will not be considered breaks in service when computing AFC. FMLA LWOP will be ignored when determining the average of your highest 78 consecutive pay periods.

For those enrolled in the Deferred Retirement Option Program (DROP), your AFC is calculated before you enter DROP thus, your compensation after DROP is excluded in the determination of AFC.

Creditable Service

In general, you are credited with one year of service for each year of full-time employment. In addition, you may also receive creditable service for certain periods when you are not an active employee. Periods of Leave Without Pay (LWOP) while on approved Family and Medical Leave (as defined in Section 10.15 of the Fairfax County Personnel Regulations) are included as creditable service for eligibility purposes but are not included as service when benefits are calculated.

Accrued Sick Leave

After you complete five years of creditable service, your unused sick leave will count as service. For 40-hours-per-week employees, each 172 hours of accrued unused sick leave counts as one month of service. Service is prorated for any hours of unused sick leave less than a full month of service. For 24-hour shift personnel, sick leave balances will first be adjusted to reflect what would have been earned had the employee been working 8-hour shifts.

Service-Connected Disability

If you are absent from work due to an approved service-connected disability (see page 18), the period of your absence will count toward creditable service.

Military Service

A period of military service counts as service if you come back to work within 90 days of discharge (other than dishonorable) in any employment covered by the system while you have reemployment rights under the law. However, you cannot receive credit for military service in the event of a dishonorable discharge.

Prior Service

If you terminate employment, withdraw your contributions, and are rehired, your former membership will count as creditable service if:

- you are rehired within five years of leaving employment; **and**
- you repay any contributions you received at the time of termination and interest on that amount from the date of the withdrawal to the date of repayment at the rate or rates established by the Board of Trustees.

If you are rehired after April 1, 1997, you must enroll in Plan D, unless you have a contribution balance in the System which represents prior service credit in one of the other three (3) plans. You must rejoin your original plan.

You can purchase credit for prior service for a period of membership in one of the other Fairfax County Retirement Systems if you pay back contributions for the period of membership plus annual interest. In this case, contributions will be equal to the rate you would have paid if you had been a member of the Uniformed System.

If you were rehired before June 26, 1991 you may repurchase prior credit anytime before retirement but once initiated, the buyback must be completed within 12 months.

If you were rehired on or after June 26, 1991, you must complete the buyback over a maximum period of three years or by the date of retirement, whichever comes first. If you initiate the buyback process within the first year of your re-employment, the interest rate will be 7.5%. If you wait to begin your buyback until after your first year of re-employment, the interest rate will be 15%. There is a \$50 minimum payment required per pay period.

You may transfer funds directly from the Fairfax County Police Officers or Employees' Retirement Systems to purchase service credit for prior service in those systems. Also, if you had your contributions and interest for a period of prior service with the Uniformed Retirement System transferred directly into an Individual Retirement Account (IRA), you may transfer all or part of your balance in that IRA back into the System. Funds to purchase prior service can be transferred from any qualified retirement plans in accordance with the Internal Revenue Code.

Park Police

You will receive credit for all your years as a park police officer if you elected to remain in this system instead of transferring to the Police Officers Retirement System.

Animal Wardens

You will receive credit for service for years worked as a member of the former Department of Animal Control prior to October 1, 1985 if you purchased that service when you had the opportunity to do so.

Normal Retirement

Eligibility

You are eligible for normal retirement if you are a member of the system and:

- you are age 55 with at least six years of creditable service (your retirement will be effective on your 55th birthday), **or**
- you have at least 25 years of creditable service.

Benefit

Your normal retirement benefit can consist of three parts:

- your Basic Benefit,
- your Pre-62 Supplemental Benefit (for Plans A and B only), and
- your Pre-Social Security Benefit

Note: All Uniformed employees hired after on or after April 1, 1997 are automatically enrolled in **Plan D** of the Uniformed Retirement System. Please be aware that the Pre-62 Supplemental Benefit **does NOT apply** to members of Plan D.

Basic Benefit

Member of Plan A or Plan B

The amount of your basic retirement benefit, for Plan A or Plan B, will be calculated using the following formula:

2.0%	x	Average Final Compensation	x	Years of Creditable Service
The benefit is then increased by 3%				

Example #1: Normal Retirement (Plan A or Plan B member)

$$2\% \times \$56,000 \times 25 = \$28,000$$

$$\$28,000 \times 1.03 = \$28,840$$

$$\text{Total Basic Retirement Amount} = \$28,840$$

$$\begin{aligned} &\text{Monthly Basic Retirement Amount} \\ &\text{for member of Plan A or Plan B} = \$2,403.33 \end{aligned}$$

Member of Plan C or Plan D

The amount of your basic retirement benefit, for Plan C or Plan D, will be calculated using the following formula:

2.5%	x	Average Final Compensation	x	Years of Creditable Service
<i>The benefit is then increased by 3%</i>				

Example #2: Normal Retirement (Plan C or Plan D member)

$$2.5\% \times \$56,000 \times 25 = \$35,000$$

$$\$35,000 \times 1.03 = \$36,050$$

$$\text{Total Basic Retirement Amount} = \$36,050$$

$$\begin{aligned} &\text{Monthly Basic Retirement Amount} \\ &\text{for member of Plan C or Plan D} = \$3,004.17 \end{aligned}$$

Pre-62 Supplemental Benefit (for Plans A and B only)

The Pre-62 Supplemental Benefit provides members of Plans A and B with income during the period between retirement and the member's eligibility for Social Security benefits at age 62.

The amount of your pre-62 supplement is determined by your date of hire.

- *If You Were Hired Before July 1, 1976*-- Your pre-62 supplement is equal to the primary Social Security benefit you would receive if you were age 65 at

retirement. This amount is calculated by the Social Security Administration. This amount is then increased by 3%.

- *If You Were Hired On Or After July 1, 1976* -- Your pre-62 supplement is equal to a percentage of the primary Social Security benefit you would receive if you were age 65 at retirement. This percentage is determined by dividing your years of creditable service with the County by 25 years. This amount is then increased by 3%.

For example, suppose you had 10 years of County service at retirement:

$$10 \div 25 = .40 \text{ or } 40\%$$

If your primary Social Security benefit is \$1,031.00, the full amount of your pre-62 supplement would be \$424.77 (or \$1,031.00 x 40% x 1.03).

This percentage can never be larger than 100%.

In addition, the amount of your pre-62 supplement depends on:

- your age during retirement, **and**
- whether you are in Plan A or Plan B.

The pre-62 supplemental benefit changes as you age. The following table summarizes the pre-62 supplemental benefit payable during the years following your retirement:

<u>Age</u>	<u>Plan A</u>	<u>Plan B</u>
less than 55	no pre-62 supplement payable	1/2 of the full pre-62 supplement payable
age 55 up to age 62	full supplement payable	full supplement payable
age 62 and older	amount payable equals excess (if any) of full supplement over the earliest Social Security benefit you are eligible to receive (age 62)	amount payable equals excess (if any) of full supplement over the earliest Social Security benefit you are eligible to receive (age 62)
The benefit is then increased by 3%.		

The pre-62 supplemental benefit is based on the Social Security benefits you are entitled to, whether or not you apply for them. However, your pre-62 supplement will *not* change due to any subsequent increases or decreases in your Social Security benefit. You become eligible for Social Security benefits (at a reduced amount) starting at age 62. Social Security benefits do not start automatically. Individuals must apply for Social Security benefits through the Social Security Administration, regardless of the age they choose to start receiving Social Security benefits

Pre-Social Security Benefit

For Members of Plans A and B

The Plan A or B member's Pre-Social Security Benefit is calculated at **0.2%** of the AFC per year of service. This benefit starts at retirement and continues until the month following a member's eligibility for unreduced Social Security retirement benefits. Currently, the age for unreduced Social Security benefits is between ages 65 and 67, depending on the year of your birth.

Example #1: 0.2% x \$56,000 x 25 *Increased by 3%*

\$2,884 a year = \$240.43 per month until age 65-67

For Members of Plans C and D

The Plan C or D member's Pre-Social Security Benefit is calculated at **0.3%** of the AFC per year of service. This benefit starts at retirement and continues until the month following a member's eligibility for unreduced Social Security retirement benefits.

Example #2: 0.3% x \$56,000 x 25 *Increased by 3%*

\$4,326 a year = \$360.50 per month until age 65-67

Total Retirement Benefit

Your total retirement benefit cannot exceed limits on benefits set forth in the Internal Revenue Code and Treasury Regulations.

Deferred Retirement Option Program (DROP)

DROP allows you to be treated as if you retired, for purposes of the retirement plan, while continuing to work and receive a salary for a period of three years. Only members eligible for Normal Retirement may elect to enter the DROP. A DROP member continues to work while an amount equal to what the member could have received as a retirement benefit is credited to a DROP account balance. An eligible member, who elects to participate in the DROP, agrees to do so for a period of three years. The monthly benefit that will be credited to the DROP account is determined by years of service and AFC at the DROP entry date. During the DROP period, the retirement plan accumulates the accrued monthly benefit, which is payable to the member at the end of the DROP period. The member's account balance is credited at an annual rate of 5% interest, compounded monthly. At the end of the DROP period, the member MUST terminate employment with the County and will begin to receive the retirement benefit directly instead of having it credited to the DROP account balance. The retiree can receive the balance of the DROP account either in the form of a lump sum distribution, a rollover to another qualified plan (or IRA) or the retiree may add to their monthly retirement annuity an increase of the actuarial equivalent of the lump sum balance in DROP, thereby receiving a higher lifetime monthly benefit.

Members are eligible to enter DROP when they become eligible for Normal Retirement:

Age 55; or
20 years of service, if hired before July 1, 1981
25 years of service, if hired after June 30, 1981

At the end of three years, DROP participants should complete the DROP Exit Notification form and choose how the DROP balance is to be distributed, no less than 60 days prior to DROP exit date, to ensure there is no disruption to their benefit payments. If a DROP Exit form is not received, the DROP account balance will be paid to the member as a lump sum, with applicable taxes withheld.

Sick Leave and DROP - Employees entering DROP have the option of converting their entire sick leave balance to retirement credit or

they may retain 40 hours (or the equivalent for those on a 56 hour schedule) of their total balance to have available after entering DROP. However, any sick leave balance carried forward cannot be converted to service to determine retirement eligibility.

Continued Eligibility - With 60 days' notice to the Retirement Agency, members who continue to work and who do not elect to enter DROP when first eligible for normal retirement, may elect to enter DROP at the beginning of any pay period following their eligibility.

Unless the DROP is extended by the Board of Supervisors, the current end date for DROP eligibility and participation is September 30, 2008, however; DROP applications should be received by the Retirement Agency by July 30, 2008.

Early Retirement

Eligibility

You are eligible to retire early once you have 20 years of creditable service.

Benefit

To estimate your early retirement benefit, multiply the amount you receive under the normal retirement formula (including any Pre-62 Supplemental benefit or Pre-Social Security benefit to which you are entitled) by an early retirement percentage. This percentage is based on your age, years of creditable service at retirement and Plan. These early retirement percentages are shown in the following tables.

Early Retirement Percentages For Plans A and C:

Applies to Plans A or C participants (except those whose age plus creditable service equal 75 or more.)

<i>Age at Retirement</i>	<i>Years of Creditable Service</i>				
			<i>%</i>		
	<i>20</i>	<i>21</i>	<i>22</i>	<i>23</i>	<i>24</i>
38	65.83	71.56	77.79	84.57	91.94
39	65.83	71.57	77.80	84.58	91.95
40	65.85	71.58	77.81	84.59	91.96
41	65.88	71.60	77.82	84.60	91.97
42	65.93	71.63	77.84	84.61	91.98
43	65.99	71.67	77.87	84.63	91.99
44	66.07	71.73	77.91	84.66	92.00
45	66.17	71.81	77.97	84.69	92.02
46	66.29	71.91	78.04	84.73	92.04
47	66.45	72.03	78.13	84.79	92.07
48	66.64	72.18	78.24	84.86	92.10
49	66.86	72.36	78.37	84.95	92.14
50	67.13	72.57	78.53	85.05	92.19
51	72.81	72.81	78.71	85.18	*
52	78.92	78.92	78.92	*	*
53	85.48	85.48	*	*	*
54	92.50	*	*	*	*

**See Early Retirement Percentages for Plans B and D*

Early Retirement Percentages For Plans B and D:

Applies to Plans B and D participants (and Plans A and C participants whose age plus creditable service equal 75 or more.)

<i>Age at Retirement</i>	<i>Years of Creditable Service</i>				
			<i>%</i>		
	<i>20</i>	<i>21</i>	<i>22</i>	<i>23</i>	<i>24</i>
38	74.50	79.17	84.06	89.18	94.48
39	74.18	78.89	83.83	89.01	94.39
40	73.84	78.61	83.60	88.84	94.30
41	73.49	78.32	83.37	88.67	94.21
42	73.11	78.01	83.13	88.50	94.12
43	72.72	77.68	82.88	88.33	94.03
44	72.32	77.34	82.61	88.14	93.93
45	71.89	76.98	82.34	87.95	93.83
46	71.74	76.61	82.04	87.75	93.73
47	70.97	76.22	81.74	87.53	93.62
48	70.48	75.81	81.41	87.31	93.50
49	69.96	75.38	81.08	87.07	93.38
50	69.42	74.92	80.72	86.83	93.25
51	74.45	74.45	80.35	86.57	93.11
52	79.95	79.95	79.95	86.29	92.97
53	86.00	86.00	86.00	86.00	92.82
54	92.66	92.66	92.66	92.66	92.66

Example:

Early Retirement Basic Benefit

Assume you retire in 2004 at age 53 with 20 years of service and an average final compensation of \$53,000.00. Your benefit is computed as follows (Plan D only):

$$2.5\% \times \$53,000.00 \times 20 + 3\% = \$27,295.00$$

<i>Normal Retirement Benefit</i>		<i>Early Retirement Percentage Age 53 - with 20 years of Credited Service</i>		<i>Yearly Benefit</i>
\$27,295.00	x	86%	=	\$23,473.70

Your regular early retirement benefit would be \$23,473.70 a year or \$1,956.14 a month for life.

Early Retirement Pre-Social Security Benefit

$$0.3\% \times \$53,000 \times 20 \times 1.03 = \$3275.40$$

$$\$3,275.40 \times 86\% = \$2,818.84$$

\$2,816.84 per year or \$234.74 per month **until age 66**

Early retirement % based on age 53 with unreduced SS benefit eligibility age of 66.

Total Early Retirement Benefit

You would receive \$23,473.70 per year for your lifetime (plus cost-of-living adjustments) and an additional \$2,816.84 a year for 13 years.

Applying for Service Retirement

You must apply for retirement before your retirement can become effective. This is in addition to any notice you may give to your supervisor. Your retirement application must indicate the date on which you plan to retire.

When you apply, you should attach copies of your marriage license and birth certificates for your children under 18 to your application. Birth certificates are also required for you and your spouse if you choose to take a reduced pension that provides optional spouse's benefits.

You may get an estimate of retirement benefits from the Retirement Agency before you apply. Application forms are also available from the Retirement Agency. Please feel free to contact the Retirement Agency with any questions you may have about how to apply for benefits.

Applying for DROP

Only those eligible for Normal Retirement can enter the DROP. DROP applications are available from the Retirement Agency and must be completed and received at the Retirement Agency at least

60 days prior to the DROP entry date requested. If you would like to calculate your own estimated DROP benefit, you can do this at <http://www.fairfaxcounty.gov/retbrd/uniformedregeest.htm>. If you prefer to have an estimate calculated for you, you can request a DROP estimate in writing or schedule an appointment with a counselor at the Retirement Agency. Estimate request forms are available at <http://www.fairfaxcounty.gov/retbrd/>.

Once your DROP application has been received at the Retirement Agency, a Retirement Counselor will verify your DROP eligibility. Copies of your marriage license and birth certificates for your children under the age of 18 must be attached to your application. Birth certificates are also required for you and your spouse if you choose to request an optional spouse benefit. Once your eligibility date has been verified, you should notify your supervisor of your intent to enter DROP.

Contact the Retirement Agency with any questions or to schedule an appointment.

Disability Retirement

◆ Ordinary Disability Retirement

Eligibility

You must meet all the following conditions to be eligible for ordinary disability retirement:

- Your disability is not caused by a job-related accident or disease;
- You became disabled while a member of the system;
- You become disabled before your normal retirement date and have at least five years of creditable service;
- The Medical Examining Board certifies that you are disabled;
and
- Your retirement is approved by the Fairfax County Uniformed Retirement System Board of Trustees.

Normally, you must apply for disability retirement before your employment with the County terminates. However, an application for ordinary disability retirement within one year after termination of employment may be accepted in certain instances if your disability started before termination and is approved by the Board of Trustees.

Benefit

For member of all four Plans (A, B, C & D) your ordinary disability retirement benefit is equal to:

$$2\% \quad \times \quad \begin{array}{c} \text{Average} \\ \text{Final} \\ \text{Compensation} \end{array} \quad \times \quad \begin{array}{c} \text{Years of} \\ \text{Creditable Service} \\ \text{(maximum 30 years)} \end{array}$$

The benefit is then increased by 3%.

No reduction is made to a disability benefit because of your age.

Example: Ordinary Disability Retirement

Assume you became disabled and meet the eligibility requirements for ordinary disability benefits. Also assume your final average salary is \$45,000.00 and you have 15 years of creditable service. Your disability benefit would be determined as follows:

$$2\% \times \$45,000.00 \times 15 + 3\% = \$13,905.00$$

You would receive \$13,905.00 a year, or \$1,158.75 a month for as long as you are disabled.

Medical Examinations

Between your disability retirement and the date you would have been eligible for normal retirement (see page 7), a medical examination is required once a year for the first five years of your disability retirement, and once every three years thereafter. Refusal to submit to a medical exam will result in termination of disability retirement benefits. Disability benefits may start again if you submit to a medical exam later -- but only if you agree to take the exam within one year of the day you were first requested to do so. Otherwise, you will permanently give up your rights to future disability benefits. Your benefits will cease if it is determined that you are no longer disabled.

If You Return to Work

Ordinary disability benefits will end if you return to service in a position eligible for membership in the Uniformed Retirement System under the same appointing authority before your normal retirement date.

◆Service-Connected Disability Retirement

Eligibility

You are eligible for a service-connected disability retirement if:

- You become disabled while a member of the system;
- Your disability is caused by a job-related accident or disease as determined by the Board of Trustees; **and**
- You apply for Virginia Workers' Compensation and applicable Social Security benefits.

You may also be eligible to request accommodation under the County's Alternative Placement Program for members of the Uniformed Retirement System. For more information see S.O.P. 2.0.11, "Procedures for Alternative Placement" (Fire and Rescue Department personnel) and/or Procedural Memorandum 10 from the Department of Human Resources "Policy and Procedures for Uniformed Retirement System Alternative Placement Program."

Offsets for Workers' Compensation and Social Security Benefits

Your service-connected disability benefit will be reduced by any Workers' Compensation benefits you receive. Workers' Compensation benefits stop after a maximum of 500 weeks. Additionally, your disability benefit will be offset by 64% of your Social Security disability benefits if you retired on disability on or after December 9, 1996 or 64% of any Social Security benefits for which you are eligible if you retired prior to December 9, 1996. The offset does not apply to Social Security Disability benefits you receive for an injury or illness unrelated to your retirement.

Medical Examinations

The medical examinations described on page 17 apply to service-connected disabilities (except qualified severe disabilities) when you are not receiving Workers' Compensation benefits. Your benefits will cease if it is determined that you are no longer disabled.

If You Return to Work

Service-connected disability benefits will end if you return to service with Fairfax County in a position eligible for membership in the Uniformed Retirement System before your normal retirement date.

If you return to other employment not covered under the System, it will not affect your benefit.

Service-Connected Disability Benefit

Unless your disability qualifies as a "severe disability" (see Schedule of Impairments on page 20), your service-connected disability retirement benefit is determined as follows:

$$\begin{aligned} &40\% \times \text{Salary at time of retirement} \\ &\quad \text{MINUS} \\ &\quad \text{Average monthly Virginia Workers' Compensation} \\ &\quad \text{benefits and 64\% of Social Security disability benefits} \end{aligned}$$

Example: Service-Connected Disability

Assume you become disabled and meet the eligibility requirements for a service-connected disability retirement. Also, assume your salary at retirement is \$53,000 and that you are awarded an average monthly benefit of \$1,300 from the Virginia Workers' Compensation Act and \$650 a month in Social Security disability benefits. Your monthly disability retirement benefit would be calculated as follows:

$$\begin{aligned} &\$53,000.00 \times 40\% = \$21,200.00 \\ &\$21,200.00 \div 12 \text{ (monthly retirement allowance)} = \$1,767.00 \\ &\quad \text{MINUS} \\ &\text{Workers' Compensation benefits} = \$1,300.00 \\ &64\% \text{ of Social Security benefits } (\$650.00 \times 64\%) = \$416.00 \\ &\text{Total service-connected disability retirement} = \$51.00 \end{aligned}$$

Note: *If a member formerly retired with a 40% disability benefit subsequently meets the criteria for a 90% benefit as a result of a deterioration of a disability or the development of another disability related to his or her service, the Board may determine that the disabled member's 40% benefit should be changed to the 90% severe service-connected benefit amount.*

Severe Service-Connected Disability Benefit

A severe disability is one of those listed in the "Schedule of Impairments" listed below. The benefit for members who retire on a severe service-connected disability retirement equals 90% of the salary at the time of retirement minus the average monthly Virginia Workers' Compensation benefits and 64% of Social Security disability benefits. Medical re-evaluations are not required for these retirees.

Schedule of Impairments

1. Loss of both hands or both feet;
2. Loss of one hand and one foot;
3. Loss of one hand and the sight of one eye;
4. Loss of one foot and the sight of one eye;
5. Loss of the sight of both eyes;
6. Paralysis (paraplegia or quadriplegia);
7. Cancers determined to be compensable by the Workers' Compensation Commission which were caused by documented contact with a toxic substance, pursuant to Section 65.2-402(c) of the Code of Virginia;
8. Loss of speech;
9. Loss of hearing;
10. A mental incapacity that meets the criteria for disability benefits under the Federal Old-Age Survivors' and Disability Insurance Act;
11. Hepatitis C

For purposes of service-connected disability retirement, your salary is the portion of your pay that is defined as creditable compensation for retirement purposes.

If you receive a lump sum Workers' Compensation benefit, your monthly system benefits will be delayed. In this case, the Retirement Agency will inform you when your benefits will start.

Workers' Compensation benefits for permanent total or permanent partial disability or compensation for periods before the effective date of retirement are not offset.

If you refuse to accept medical services, vocational rehabilitation, or other employment under the Workers' Compensation Act, your Workers' Compensation benefits may be suspended. If they are suspended, the Board of Trustees has the option to figure your benefits as if you were still receiving Workers' Compensation.

Your benefits will not be reduced by any cost-of-living increases to Workers' Compensation or Social Security benefits.

Example: Severe Service-Connected Disability

Assume you become disabled and meet the eligibility requirements for a **severe** service-connected disability retirement. Also, assume your salary at retirement is \$53,000 and that you are awarded an average monthly benefit of \$1,300 from the Virginia Workers' Compensation Act and \$650 a month in Social Security disability benefits. Your monthly disability retirement benefit would be calculated as follows:

$$\begin{array}{rcl} \$53,000.00 & \times & 90\% = \$47,700.00 \\ \$47,700.00 & \div & 12 \text{ (monthly retirement allowance)} = \$3,975.00 \\ & \text{MINUS} & \\ \text{Workers' Compensation benefits} & & = \$1,300.00 \\ 64\% \text{ of Social Security benefits } (\$650.00 \times 64\%) & & = \underline{\$416.00} \\ \text{Total } \textbf{severe} \text{ service-connected disability retirement} & & = \$2,259.00 \end{array}$$

◆Disability During DROP

Should you become disabled during the DROP period other than as the result of a service-connected disability, the monthly benefit which would otherwise be payable to the DROP account will be paid to you and you will also be eligible to receive the balance of the DROP as of the effective date of disability.

Should you become disabled during the DROP period as the result of a service-connected disability, you have a choice of either taking the DROP account balance plus the normal service retirement benefits or forfeiting the DROP account balance and taking a service-connected disability benefit as though DROP participation had not occurred.

Deferred Vested Benefit

Eligibility

You are eligible for a Deferred Vested Benefit if:

- you leave employment before you are eligible to retire;
- you have at least five years of creditable service; **and**
- you leave your contributions in the system.

You may start to receive a deferred vested benefit at age 55.

If you choose to apply for a Deferred Vested benefit, you should notify the Retirement Agency in writing of this fact when you terminate employment. Your Deferred Vested benefit will begin at age 55. The formula for normal retirement determines your Deferred Vested benefit. In lieu of a Deferred Vested benefit, you have the option to request a refund of your contributions at any time prior to reaching age 55 or receiving retirement benefits.

Benefit

The formula for normal retirement determines your Deferred Vested benefit (see page 7). However, the Pre-62 Supplemental benefit and the Pre-Social Security benefit are not payable.

Example: Deferred Vested Benefit

Assume you participated in Plan D and leave the County in 2004 at age 45 with 15 years of creditable service and an average final compensation of \$45,000.00:

$$2.5\% \times \$45,000.00 \times 15 + 3\% = \$17,381.25$$

At age 55, you will start receiving a Deferred Vested benefit of \$17,381.25 a year or \$1,448.44 a month for life.

Increases in Benefits After Retirement

Each July 1 your retirement benefits may be increased to reflect increases in the cost-of-living. Cost-of-living (COLA) increases apply to normal, early, and disability retirements, and to Deferred Vested benefits once benefits start. However, they do not apply to the Pre-62 Supplemental benefit or the Pre-Social Security benefit. Cost-of-living increases for members on a service-connected disability retirement are paid on the net amount of the benefit after offsets for Workers' Compensation and Social Security. When Workers' Compensation benefits cease, the benefit is recalculated back to the date of retirement applying all applicable cost-of-living increases to the benefit without including an offset for Workers' Compensation.

The cost-of-living increase is equal to the percentage increase in the Consumer Price Index for the Washington-Baltimore, DC-MD-VA-WV area for the 12-month period ending March 31 before the increase goes into effect, up to a maximum of 4%. Under certain circumstances, the Board of Trustees may grant an additional COLA up to 1%. The cost-of-living increase will be prorated if you have received retirement benefits for less than a year, as follows:

<i><u>Number of complete months you have received benefits</u></i>	<i><u>Percentages of full increase</u></i>
Less than 3	0%
3, 4, or 5	25%
6, 7, or 8	50%
9, 10, or 11	75%

If you are a Plan B or D participant, you will be eligible for a cost-of-living increase as soon as you retire. Plan A or C participants will be eligible for cost-of-living increases when they reach age 55.

Death Benefits

◆Death Before Retirement

Return of Contributions

In the event of your death before retirement, your contributions plus interest will be paid to your beneficiary unless your spouse is your designated beneficiary. If your spouse is your designated beneficiary and you had completed five years of service, your spouse will have the option to choose a lump sum refund of your contributions and interest or he or she may choose to receive a spouse retirement allowance.

Spouse Retirement Allowance

A spouse retirement allowance is payable if:

- your death occurs after you have completed five years of creditable service;
- you have named your spouse as your primary beneficiary and the beneficiary designation has been properly filed with the Retirement Agency;
- your spouse elects in writing to receive the spouse retirement allowance within 90 days after your death; **and**
- a copy of your Death Certificate has been properly filed with the Retirement Agency.

Once the spouse retirement allowance starts, it is normally payable for life. However, the spouse retirement allowance will stop if your spouse remarries before reaching age 60.

The spouse retirement allowance is equal to 50% of a benefit calculated under the normal retirement formula, not including the Pre-62 Supplemental benefit or the Pre-Social Security benefit. If your spouse does not elect to receive the spouse retirement allowance within 90 days after your death, your spouse will receive your contributions plus interest in a lump sum.

If your death is due to a service-connected accident while actively employed, your beneficiary will receive the service-connected accidental

benefit of \$10,000 (see page 27) in addition to the pre-retirement death benefits described above.

Example: Spouse Retirement Allowance

Assume your death occurs in 2004 at age 55 and that you have 20 years of creditable service and an average final compensation of \$52,000.00. You were in Plan D. Your normal retirement benefit is computed as follows:

$$2.5\% \times \$52,000.00 \times 20 + 3\% = \$26,780.00$$

The benefit calculated under the normal retirement formula is \$26,780.00 a year or \$2,231.67 per month. Your spouse, if eligible, would be entitled to receive 50% of that amount or \$1,115.83 per month. This benefit would be paid for life unless your spouse remarries before age 60.

◆Death During DROP

In the event of your death during the DROP period, the benefits for your spouse will depend on whether your death was in the line of duty and what Joint & Last Survivor option you elected when you entered DROP.

If your death is not service-connected, your spouse will be eligible for the same benefits that would have been payable had you retired, plus the accumulated DROP balance.

If your death occurs in the line of duty, your spouse will have the option of receiving benefits as though you had never entered DROP, or receiving the DROP balance plus benefits based on the Joint & Last Survivor option you selected when entering DROP.

You **MUST** make a Joint & Last Survivor election at the point at which you enter DROP. **You may not defer** a Joint & Last Survivor decision to the end of the DROP period.

◆Death After Retirement

Return of Contributions

Upon your death after retirement, your contributions plus interest, less any system benefits you received before death will be paid to your beneficiary unless a spouse retirement allowance is applicable.

Joint and Last Survivor Option

You may elect a joint and last survivor option if you retire under the normal, early, ordinary, or service-connected disability retirement provisions. If you are receiving disability benefits, you must make the election sometime before the date you begin receiving benefits.

If you make this election, you will receive a reduced retirement benefit. However, after your death, your surviving spouse will continue to receive a percentage (50%, $66\frac{2}{3}\%$, 75%, or 100%) of your reduced benefit for life. The surviving spouse is not eligible to receive the supplemental benefit. Once benefits begin, the election is irrevocable.

The amount of reduction to your benefit depends on your age, your spouse's age, and on the percentage of your benefit that your spouse will receive. The Retirement Agency can give you additional information on how the joint and last survivor option affects the amount of your benefit.

If your spouse should die before you, your benefit will be increased to an amount equal to the monthly benefit you would have received if you had not elected the joint and last survivor option. However, once this has happened, you will not be able to elect the joint and last survivor option again, even if you later remarry. In the event of a divorce, your benefit will be increased to what it would have been had a joint and last survivor option not been elected only in the event that the former spouse waives his or her rights to the benefits of the election, and the waiver of those rights is evidenced by a certified copy of a court order or decree.

Example: Joint and Last Survivor Option

Assume you retire at age 55 with a normal monthly retirement benefit of \$1,000 a month. Further assume that you elect the joint and last survivor option.

The table on the following page shows examples of benefits that would be paid to you and your surviving spouse after your death if you elected the joint and last survivor option.

Spouse Age 55 - Same Age		
<i>Percentage of Your Benefit to Continue to Your Spouse</i>	<i>Your Reduced Benefit</i>	<i>Joint and Last Survivor Benefit</i>
100%	\$870	\$870
75%	\$900	\$675
66 ² / ₃ %	\$910	\$606
50%	\$930	\$465
Spouse Age 50 - Five Years Younger		
100%	\$835	\$835
75%	\$870	\$653
66 ² / ₃ %	\$885	\$589
50%	\$910	\$455
Spouse Age 60 - Five Years Older		
100%	\$905	\$905
75%	\$930	\$698
66 ² / ₃ %	\$935	\$623
50%	\$950	\$475

◆Service-Connected Accidental Death Benefit

The system provides for a service-connected accidental death benefit of \$10,000. It is payable if your death occurs before you retire and if Virginia Workers' Compensation benefits are payable because of your death. The benefit is also payable if you die after retirement as long as your death is directly related to your service-connected disability.

The service-connected accidental death benefit is *in addition* to any other benefits payable by the system on account of your death.

◆Naming a Beneficiary

When you join the system, you will be asked to name one or more beneficiaries to receive benefits in the event of your death. You may name anyone you wish. If you name more than one person, each person will share equally in the total amount payable.

You can change your beneficiary designation at any time by giving written notice to the Retirement Agency. Forms for naming or changing beneficiaries are available from the Retirement Agency.

If you do not name a beneficiary, payment will be made to your estate.

Withdrawal of Contributions

The County Code does not permit loans from your retirement account, partial withdrawals of employee contributions, or withdrawals of employer contributions. Withdrawal of contributions may only be made upon termination of employment. Any member who terminates employment and elects to withdraw his or her contributions is no longer eligible for any benefits from the Retirement System.

If You Are Not Eligible For Benefits

If you are not eligible for a retirement benefit or a deferred vested benefit when you terminate employment, you may withdraw your contributions and interest earnings. Payment is required if you have less than five years of service. However, you may elect in writing to leave your contributions in the System for up to five additional years after you terminate employment. Payment will be made within 90 days of your last check date or after the requested five year extension. Payments may be made by check to you or can be transferred directly to an Individual Retirement Account (IRA) or to another qualified retirement plan. Refunds shall be mailed to the last address on record with the Retirement Agency. Refunds not claimed within six months will become the property of the system.

If You Are Eligible For Benefits

If you are eligible for a retirement benefit or a deferred vested benefit, you may withdraw your contributions plus interest instead of receiving any other system benefit for which you are eligible. Again, you must make your request in writing. Once benefits have started, however, you may not withdraw your contributions.

Taxation of Withdrawals

Currently, any part of your account that consists of pre-tax contributions will be taxed as ordinary income the year you receive it, and may also be subject to an additional 10% penalty. Taxes will be based on the federal and state tax laws in effect at the time of distribution. Refunds not transferred directly to an Individual Retirement Account (IRA) or other qualified retirement plan will have 20% withheld for federal taxes and, unless certain conditions are met, another 4% for Virginia state taxes. See page 32 “How Are Benefits I Receive From The System Taxed?” for more information.

Assignment of Benefits

Your benefits under the plan cannot be assigned and are not subject to garnishment or attachment, except to the extent permitted by law for child and/or spousal support, QDRO (Qualified Domestic Relations Order), or tax levys.

Social Security Benefits

You may receive benefits from Social Security in addition to any benefits payable to you from the System. The County matches, dollar for dollar, your Social Security payroll deduction.

Your actual Social Security benefits are based on the amount of your earnings that are subject to Social Security taxes. To receive a free statement of your earnings covered by Social Security and your estimated future benefits, you need to complete a “Request for Earnings and Benefit Estimate Statement,” available from the following address:

Social Security Administration

Wilkes-Barre Data Operations Center
Box 20
Wilkes-Barre, PA 18703

Contact them on the Internet at <http://www.socialsecurity.gov>

Or call: 1-800-772-1213

You may want to request their booklet that explains how your Social Security benefits are calculated.

Social Security benefits do not start automatically; you must apply for them. It usually takes two to three months to process your application.

Social Security Retirement Benefits

You may be entitled to receive unreduced Social Security monthly income benefits when you reach the Social Security normal retirement age (between ages 65 to 67 depending on your year of birth). When your spouse reaches the Social Security normal retirement age, he or she is entitled to a benefit equal to one-half of your unreduced benefit, or, if greater, a benefit based on his or her own work record. Social Security benefits are payable as early as age 62, but in a permanently reduced amount.

Social Security Disability Benefits

If you become disabled, you and your family may be entitled to Social Security disability benefits. They may become payable after you have been totally disabled for five full calendar months.

Your family may be entitled to an additional benefit from Social Security if you have a dependent child under age 18 (under age 19 if a full-time student). If you have no dependent children, your spouse may be entitled to this benefit if he or she is at least age 62.

Social Security Death Benefits

Your family may be entitled to Social Security benefits after your death. Your surviving spouse may be entitled to benefits from Social Security if he or she is at least age 60. Your surviving spouse may be entitled to additional benefits before reaching age 60 if caring for a child under age 16 who is eligible for children's Social Security benefits. Additional children's Social Security benefits may be payable if you die with dependent children under age 18 (under age 19 if they are full-time students).

Medicare

You may be entitled to Medicare benefits when you reach age 65 (or earlier if you are totally disabled). Medicare pays a significant portion of physician and hospital fees. Information on Medicare can be found at www.medicare.gov.

Additional Retirement System Information

Home Address

It is important that you keep the Retirement Agency informed of any change in your address so that you will receive your benefits check and any information about the system that is sent to you. Also, if your current home address is not on file after you terminate employment, it is possible that a refund of your contributions sent to your old address will be returned and that the Retirement Agency will not be able to locate you.

Retirement System Administration

The Fairfax County Uniformed Retirement System is administered by a Board of eight Trustees as follows:

- Vincent J. Bollon, Chairman; Frank Henry Grace, III; and Donald F. Maddrey have been appointed by the Board of Supervisors;
- John R. Niemiec and Kevin Kincaid have been elected by the County Fire and Rescue Department employees;
- Charles E. Formeck, Vice Chairman, has been elected by the County Sheriff's Department employees;
- Robert L. Mears, Director of Finance, is the Treasurer of the Board; and
- Peter Schroth, Director of Human Resources, is the personnel officer responsible for employee benefits for Fairfax County.
- System Administration -- Staff
 - Lauranz A. Swartz, Executive Director
 - Philip R. Langham, Retirement Administrator
 - Jeffrey A. Willison, Investment Manager

Members of the Board of Trustees may be contacted in writing through the Retirement Agency. Since members of the Board change from time to time, current members' names will be posted on the website at www.fairfaxcounty.gov/retbrd/uniformedindex.htm and will

be published annually in the County *Courier* and in the System's *Comprehensive Annual Financial Report*.

Duties of the Board include administering the System of retirement, disability, and death benefits for the active and retired members of the system, as well as directing the investment of plan funds. The Board meets monthly, normally on the fourth Wednesday of each month. Board meetings are open to all employees and members of the public.

The Board employs consultants and appoints an Executive Director who serves at the discretion of the Board and is responsible for the retirement system's administrative staff. The Executive Director, Lournz A. Swartz, who may be reached at the Fairfax County Retirement Agency, has been designated as the Board's agent for the service of legal process. The County Attorney serves as the legal advisor of the Board.

Frequently Asked Questions About the System

How is Interest on My Contributions Credited?

Interest on the contributions you make each year is credited at an annual rate of 5% starting with the year after the contributions are made.

How Are Benefits I Receive From the System Taxed?

The contributions you made prior to January 1, 1985 have already been taxed. You will owe no taxes on these contributions when they are returned to you, either in benefit payments or in a lump sum when you leave employment.

The portion of your retirement benefit which represents employee pre-tax contributions and employer contributions (anything in excess of contributions made prior to 1/1/85 except post-tax contributions which paid for prior service purchases) is subject to federal tax when it is paid to you. Virginia state taxes may also apply.

In addition, your tax liability depends on whether you receive your benefits in monthly payments or a lump sum withdrawal of contributions.

Monthly Payments -- Each monthly payment is made up of both employee and employer contributions. This means most of your benefit will be subject to federal and Virginia state income tax starting with your first benefit check.

Withdrawal of Contributions -- If you withdraw your contributions before reaching age 59½, and request payment directly to you, the payment will be subject to regular income tax, plus an additional 10% tax imposed by the IRS. This additional tax will not apply if the money is distributed due to termination at age 55 or later, disability, or death. It also does not apply to any contributions you made before January 1, 1985. Please refer to IRS Form 5329 and accompanying instructions for more information on the additional 10% tax.

You can postpone paying taxes on withdrawal of contributions by directly transferring the taxable portion of the payment into an Individual Retirement Account (IRA) or, another tax-qualified plan. You can postpone paying taxes on refunds that were not directly transferred but were paid to you if you roll over the entire amount you receive (plus an additional amount to equal the mandatory 20% which was withheld for federal taxes) into an IRA or into another tax-qualified plan within 60 days of receiving payment. If refunds are transferred or rolled over, you will be required to pay taxes only when you receive the money from your IRA or tax-qualified plan.

Because tax laws are complicated and change frequently, you may want to talk to a professional tax advisor before receiving a payment from the plan.

If you live outside of Virginia, you should contact the state and local tax agencies where you live to determine if your retirement benefits are taxable.

Is Benefits Counseling Available?

Yes, we feel that an educated member will be able to make decisions confidently.

As your retirement date nears, you will be faced with decisions you may find difficult to make. Even though the various retirement options are described in this handbook, a counseling session with

one of the Retirement Agency staff offers a chance to discuss your options and provide you with a benefit estimate that may help you select the retirement option that is best for you. Currently, written requests are required for estimates to be sent to members. You may request an "Estimate Request" form be mailed to your home or you can print a form by visiting www.fairfaxcounty.gov/retbrd/estimateform.pdf.

In addition to one-on-one counseling, the Retirement Agency offers workshops for members of the System to help employees understand their County retirement benefits. The workshops are open to all County employees and two of them allow space for spouses/significant others and are offered several times a year. For more information, visit the Retirement Agency's training website at www.fairfaxcounty.gov/retbrd/ret_training.htm.

Can I Work For Fairfax County Government After Retiring?

There are restrictions on re-employment with Fairfax County. Please refer to the Personnel Regulations to determine the answer to this question in your specific circumstances. Refer to Procedural Memorandums Number 33 and 48 at <http://infoweb/hr/promem/> for more information.

If you were not a DROP participant, you may be rehired, but your retirement benefits may be affected.

If you are re-hired to a position under your former appointing authority, your benefits will cease and you must again become a contributing member of the system. Then, when you re-apply for retirement, your new benefit will be the larger of either your previous benefit including applicable cost-of-living increases or a new benefit calculation which includes the time served and compensation received from the new position.

If you retired after July 21, 1986 and you return to a position covered by any of the Fairfax County Retirement Systems, you will not be able to join any of these systems. Your combined monthly salary and retirement benefits may not total more than the then current maximum monthly salary for a Deputy County Executive, Grade E-14. If necessary, your retirement benefits will be reduced to keep your combined salary and benefits at this level.

If you retired on or before July 21, 1986 you may:

- continue receiving your benefit, in which case you cannot become a member of the system, or
- stop receiving your benefit and become a contributing member of the system.

If you continue to receive your benefit it may be adjusted so that your combined salary and benefits do not total more than the then current maximum monthly salary for a Deputy County Executive, Grade E-14.

If you stop receiving your benefit, your retirement benefit will be recalculated when you later terminate employment. Any cost-of-living adjustments made during the time you stopped receiving your benefit as well as compensation and service earned after re-employment will be taken into account.

How Do I Apply For Retirement Benefits?

You must apply for retirement benefits; they are not automatic. You must submit your application form within 60 days prior to your planned retirement date. You may obtain a form by calling or writing the Retirement Agency.

Once I Retire, How Long Will It Be Before I Get My First Check?

Your first benefit check will be mailed, usually within two months of your final paycheck. Benefit checks and pay advices for those with direct deposit are mailed two days before the last business day of the month.

Will Any Deductions Be Taken Out of My Retirement Benefits?

Yes, you may request deductions for life, dental and health insurance, as well as contributions (if any) to your credit union. In addition, federal and Virginia state income tax will be withheld from your check. (State tax will only be withheld if you reside in the state of Virginia.)

Can I Have My Benefit Check Deposited Directly With a Financial Institution?

Yes. You can arrange to have your benefit check deposited directly to a financial institution of your choice. All you have to do is complete and return the Direct Deposit Authorization form available from the Retirement Agency. Direct Deposit is required for all new retirees.

Does It Make Any Difference When I Retire During the Year?

There are several things you may want to consider in deciding when you want to retire during the year.

Cost-of-Living Adjustments: If your retirement is effective on or before July 1 of a particular year, you would be entitled to a full cost-of-living adjustment to your retirement benefit on July 1 of the following year.

Salary Increases: Active payroll salary increases would have some impact on your AFC, depending on how much sick leave you have and how long you work at that new hourly rate of pay. Sick leave hours are converted at the rate of pay at time of retirement. A large sick leave balance would have more of an impact on AFC than a small balance.

Timing of Receiving Certain Payments: If you're thinking about retiring toward the end of the year, you should keep in mind that you will receive pay for annual leave, holiday pay and compensatory time on the payday following your last payday as an active employee. Depending on your situation, you may want to delay the effective date of your retirement so this payoff will be made in the following tax year as opposed to receiving it in the same tax year as the effective date of your retirement. However, highly compensated individuals may avoid the OASDI portion of FICA taxes if they retire after their salary has exceeded the Social Security taxable wage base. For more information about this contact the Payroll Division in the Department of Human Resources.

If I Do Not Elect The Joint and Last Survivor Option Are There Other Ways To Provide For My Survivors?

Some Financial Advisors or life insurance firms offer various plans that may provide a benefit that are similar in some respects to the Joint and Last Survivor Option. However, experts suggest that while these plans may be less expensive, it is essential to carefully examine the plans to insure that they are guaranteed to provide at least the same level of benefits (including Cost-of-Living Adjustments) as the Joint and Last Survivor Option and are not subject to fluctuations in interest rates, investment performance, premium costs or payout amounts.

Can I Continue My Health Insurance Coverage After I Retire?

Yes, you can continue the coverage you had before you retired, but you will be responsible for paying for the entire premium --- including the part the County had been paying. Currently, regular service retirees, who keep their County health insurance, receive a subsidy toward their County health insurance starting when they turn age 55. The monthly amount of this subsidy is based upon years of service at retirement. Please visit the Retirement Agency Internet site at www.fairfaxcounty.gov/retbrd/Ret_Health_Subsidy.pdf for current subsidy amounts.

Service-connected disability retirees receive a monthly health insurance subsidy as well. Surviving spouses are entitled to a subsidy amount based on the member's years of service, and only if the spouse was covered by County health insurance at the time of member's death.

You may reduce the level of your coverage (i.e. from family to individual coverage) or switch to coverage with Medicare at any time during the year. You may increase the level of your coverage outside of open season only if there has been a change in your family circumstances. However, you may change to a *different* health plan only during the open enrollment period held for retirees each year. Information about the health plans that are available will be sent to you at that time. The only exception is if you move outside of the coverage area of your HMO and notify this office that you wish to change to the Blue Cross/Blue Shield Out-of-Area Health Plan within

60 days of your move. If you ever drop your County health insurance you will never be able to sign up for it again unless:

- your spouse is an active employee and you can enroll through his/her eligibility for coverage; or
- you are re-employed by the County and can enroll again as an active employee. This coverage may then be maintained when you retire again.

How Do I Apply For Disability Benefits?

You must complete three forms to apply for disability benefits:

- Your application,
- your attending physician's statement, and
- your statement of disability.

These forms, like your retirement application, are available from the Retirement Agency.

All three forms must be completed and returned to the Retirement Agency before processing of your benefits can begin.

Once the forms are received, the Retirement Agency will obtain your medical records from the County's agent for Workers' Compensation if your disability is service-connected. These documents will be sent to the Medical Examining Board, which may schedule an appointment with you.

After the review, the Medical Examining Board will submit its report to the Board of Trustees, who will review your application at their next meeting. If the Board approves your application, your benefit checks will be distributed in the manner described under "How Do I Apply For Retirement Benefits?"

If the Board does not approve your request, you have the right to appeal its decision.

How Do I Appeal a Decision of the Board of Trustees?

To appeal a decision of the Board of Trustees, simply notify the Retirement Agency in writing of your desire to appeal. They will schedule a time for the Board to hear your appeal.